



FY17 1st Quarter Financial Results



Honda Motor Co., Ltd.

August 2, 2016

**NSX
(North America)**

- *FY17 1st Quarter News Topics*
- *FY17 1st Quarter Financial Results*
- *FY17 Financial Forecasts*
- *Dividend*

➤ **First delivery of new NSX Supercar**

(May: N. America)

- Precision crafted performance brings new value to super sports car segment



➤ **New Ridgeline* sales start** (June: N. America)

- Class-leading payload capacity and dynamic performance
- Available with world's first truck bed audio system



➤ **Global rollout of fully remodeled Civic**

- Following N. America and Thailand, sales of the Civic started in China and Malaysia in Q1

➤ **Start-up of No. 2 line at 4th Motorcycle Plant in India** (Ahmedabad, Gujarat)

- Plant mainly dedicated to Activa scooter production
 - Activa : Best selling two-wheeler in India for six consecutive months (Jan.–June, 2016)
- Motorcycle production capacity in India increases to 5.8 million units

* <http://automobiles.honda.com/ridgeline>

Results Summary

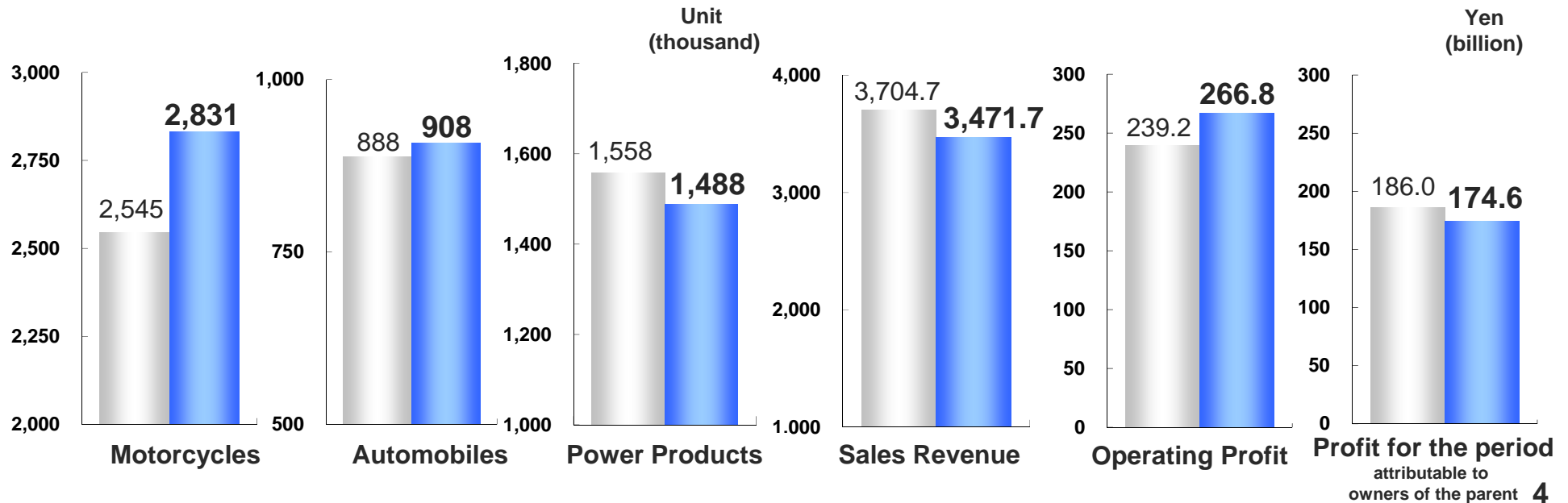
Negative FOREX effects due to a stronger yen and the impact of the 2016 Kumamoto Earthquake were more than offset by the positive effect of new model introductions, full model changes of existing models, cost reduction efforts and a decline in quality related expenses resulting in operating profit of 266.8 billion yen, an 11.5% increase from the same period a year ago.

1st Quarter Results FY16 and FY17

FY16 **FY17**

Consolidated Unit Sales

Sales Revenue / Operating Profit / Profit for the period

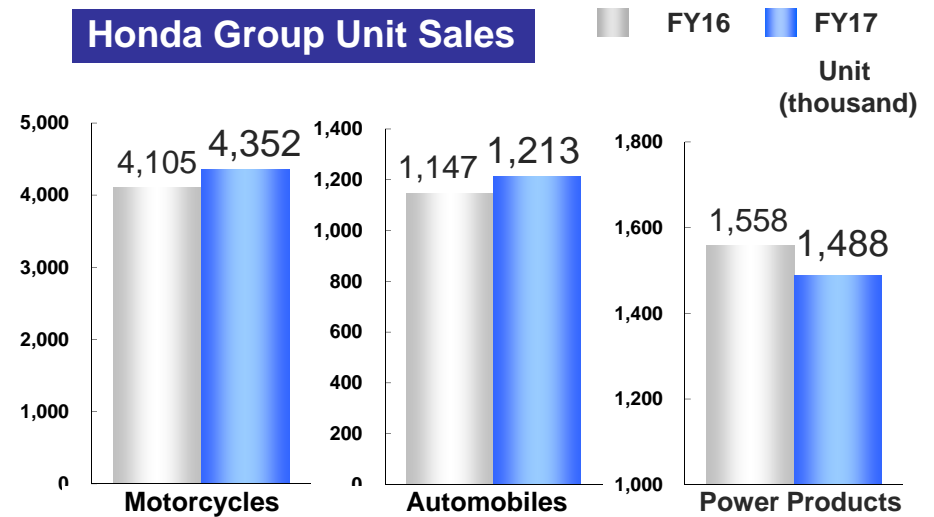


FY17 1st Quarter Unit Sales

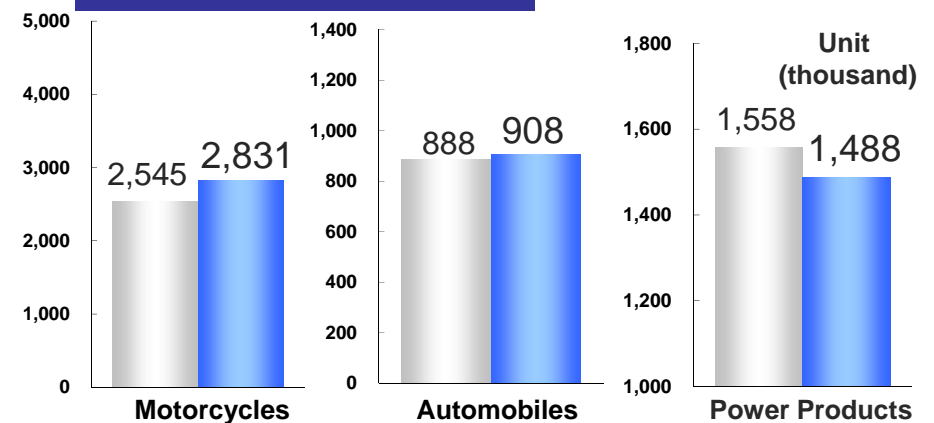
Honda Group Unit Sales (thousand)	1Q Results (3 Months)		
	FY16	FY17	Change
Motorcycles	4,105	4,352	+ 6.0%
Automobiles	1,147	1,213	+ 5.8%
Power Products	1,558	1,488	- 4.5%

Consolidated Unit Sales (thousand)	1Q Results (3 Months)		
	FY16	FY17	Change
Motorcycles	2,545	2,831	+ 11.2%
Automobiles	888	908	+ 2.3%
Power Products	1,558	1,488	- 4.5%

Honda Group Unit Sales



Consolidated Unit Sales



Honda Group Unit Sales

- Big leap in motorcycle unit sales in Asia, especially India, offsets declines in Brazil, elsewhere
- Higher automobile unit sales driven by robust sales in China as well as gains in N.A. and Europe due to new model launches and full model changes of existing models

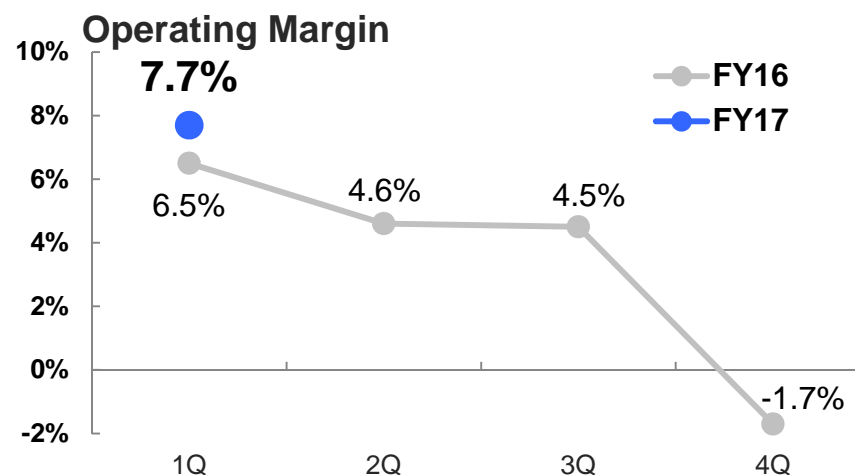
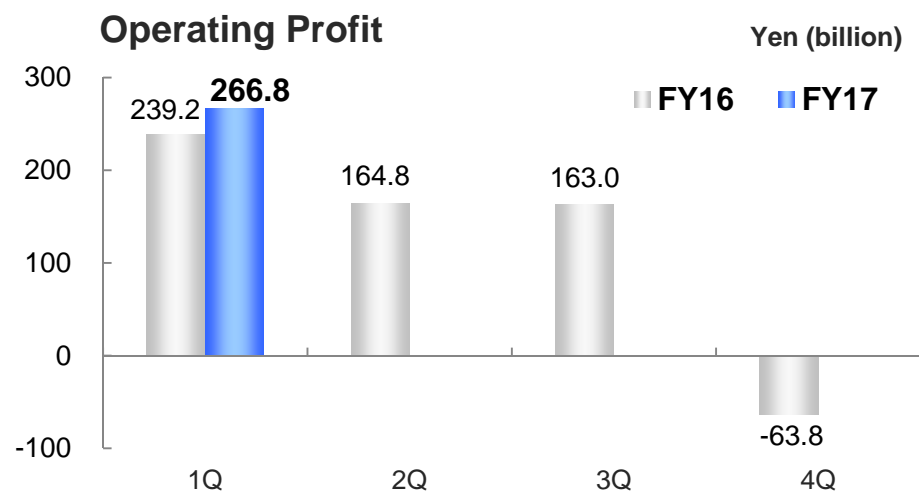
FY17 1st Quarter Financial Results (Consolidated)

Financial Results Yen (billion)	1Q Results (3 Months)		
	FY16	FY17	Change
Sales revenue	3,704.7	3,471.7	- 6.3%
Operating profit	239.2	266.8	+ 11.5%
Operating margin	6.5%	7.7%	+ 1.2 pt
Share of profit of investments accounted for using the equity method	38.3	27.2	- 29.0%
Profit before income taxes	282.3	288.4	+ 2.2%
Profit for the period attributable to owners of the parent	186.0	174.6	- 6.1%
Earnings per share ^{*1} attributable to owners of the parent (Yen)	103.22	96.93	- 6.29
Market average rates (Yen) For *1, please refer to the footnote on page 22			
US Dollar	121	108	Yen up by 13yen

Financial Summary

Sales revenue decreased by 6.3% primarily due to negative foreign currency translation effects despite an increase in automobile and motorcycle consolidated unit sales and other factors

Operating profit increased by 11.5% mainly due to cost reduction efforts, higher revenue associated with sales volume and model mix as well as a decline in SG&A expenses, including quality related expenses, despite foreign currency effects and other factors



FY17 Financial Forecasts (Consolidated)

No changes have been made to the previous forecasts (on May 13, 2016) Yen (billion)

	FY16 Results	FY17 Forecast	Change	
			amount	%
Sales revenue	14,601.1	13,750.0	- 851.1	- 5.8%
Operating profit	503.3	600.0	+ 96.6	+ 19.2%
Operating margin	3.4%	4.4%		+ 1.0 pt
Share of profit of investments accounted for using the equity method	126.0	130.0	+ 3.9	+ 3.2%
Profit before income taxes	635.4	705.0	+ 69.5	+ 10.9%
Profit for the year attributable to owners of the parent	344.5	390.0	+ 45.4	+ 13.2%
Earnings per share (Yen) attributable to owners of the parent *1	191.16	216.39	+ 25.23	

For *1, please refer to the footnote on page 22

Market average rates (Yen)

US Dollar	120	105	Yen up by 15 yen
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Dividend

Yen

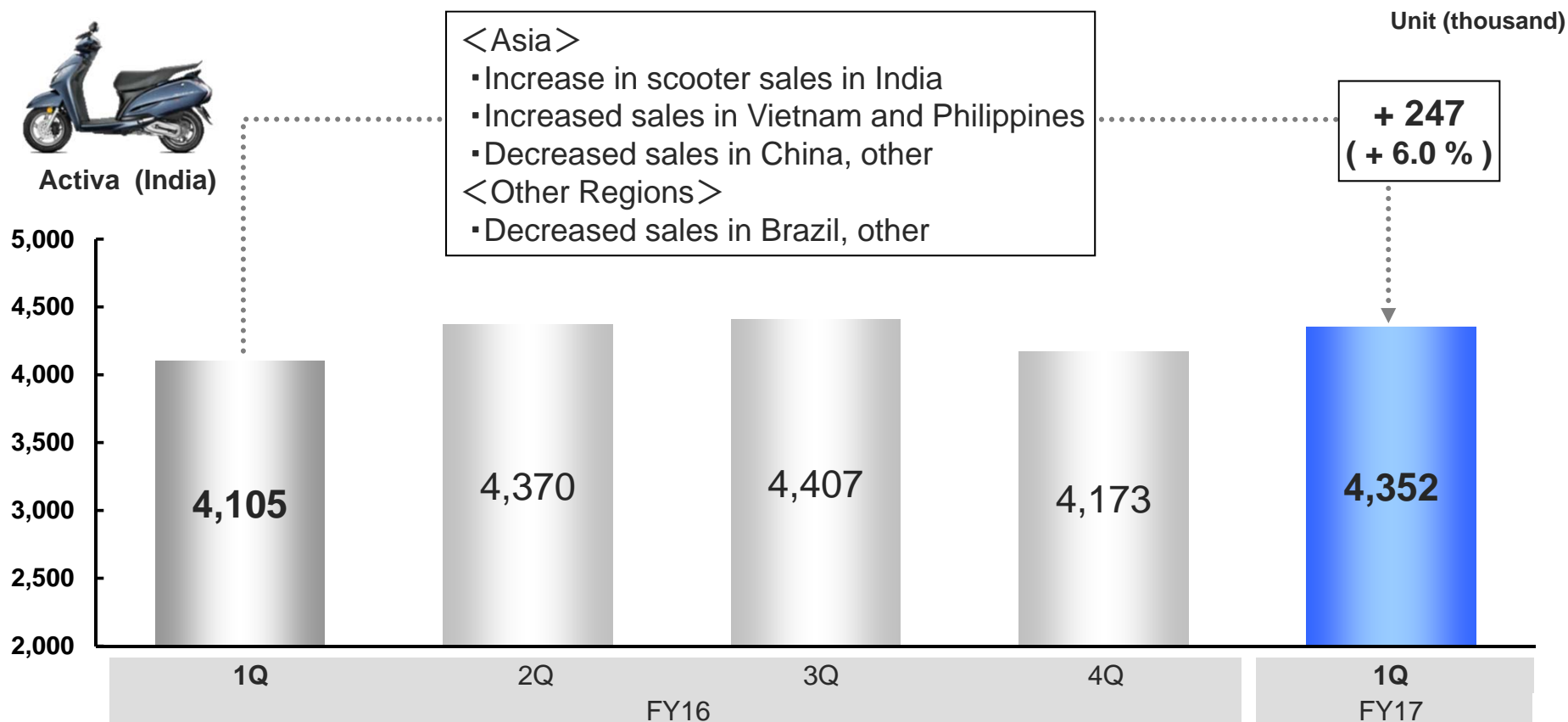
Dividend per Share	FY16	FY17 (Expectation)	Increase/ Decrease from FY16
1 st Quarter End	22	22	-
2 nd Quarter End	22	(22)	(-)
3 rd Quarter End	22	(22)	(-)
4 th Quarter End	22	(22)	(-)
Fiscal Year	88	(88)	(-)

- *FY17 1st Quarter Financial Results*
 - *Honda Group Unit Sales Summary*
 - *Change in Sales Revenue*
 - *Change in Profit before Income Taxes*
 - *Business & Geographical Segment Information*
 - *Share of profit of investments
accounted for using the equity method*
 - *Capital Expenditures*

Motorcycle - Honda Group Unit Sales (Motorcycles + All-Terrain Vehicles, etc.)



Activa (India)

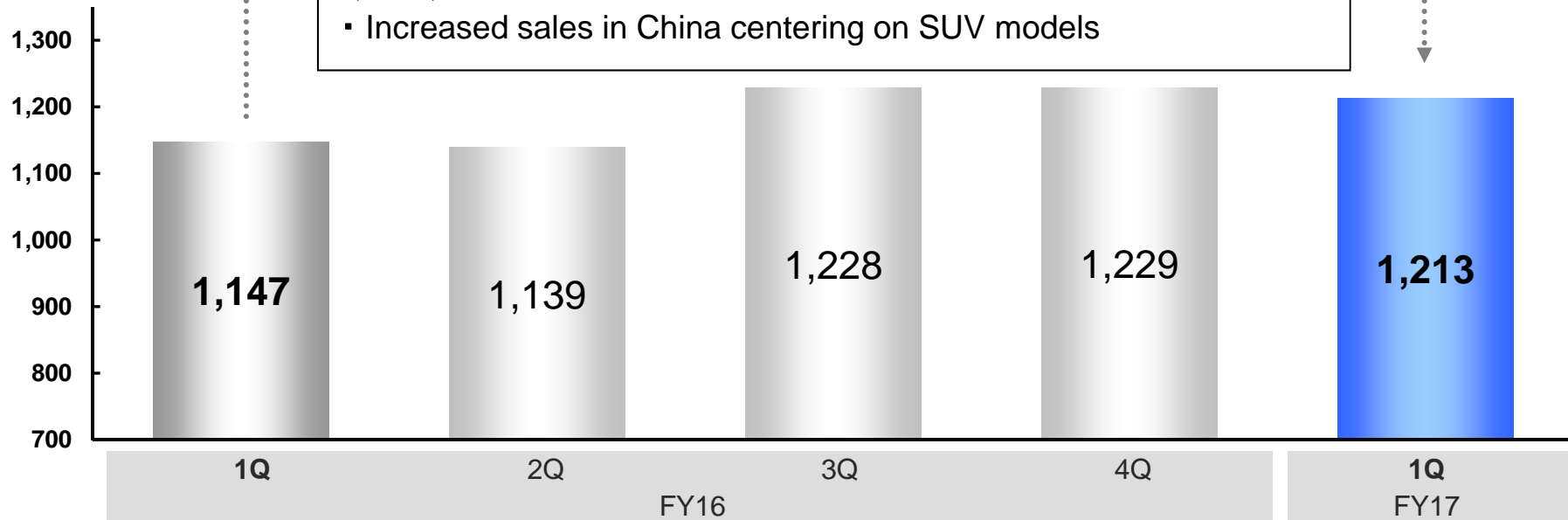


Japan	47	50	41	42	29
North America	75	75	69	89	78
Europe	66	48	33	57	72
Asia	3,571	3,851	3,968	3,743	3,885
Other Regions	346	346	296	242	288
Total	4,105	4,370	4,407	4,173	4,352

Automobiles - Honda Group Unit Sales



Civic Coupe
(North America)



<North America>
 ▪ Positive effect of Pilot, Ridgeline and Civic full model changes

<Europe>
 ▪ Positive effect of HR-V introduction and full model change of Jazz

<Asia>
 ▪ Increased sales in China centering on SUV models

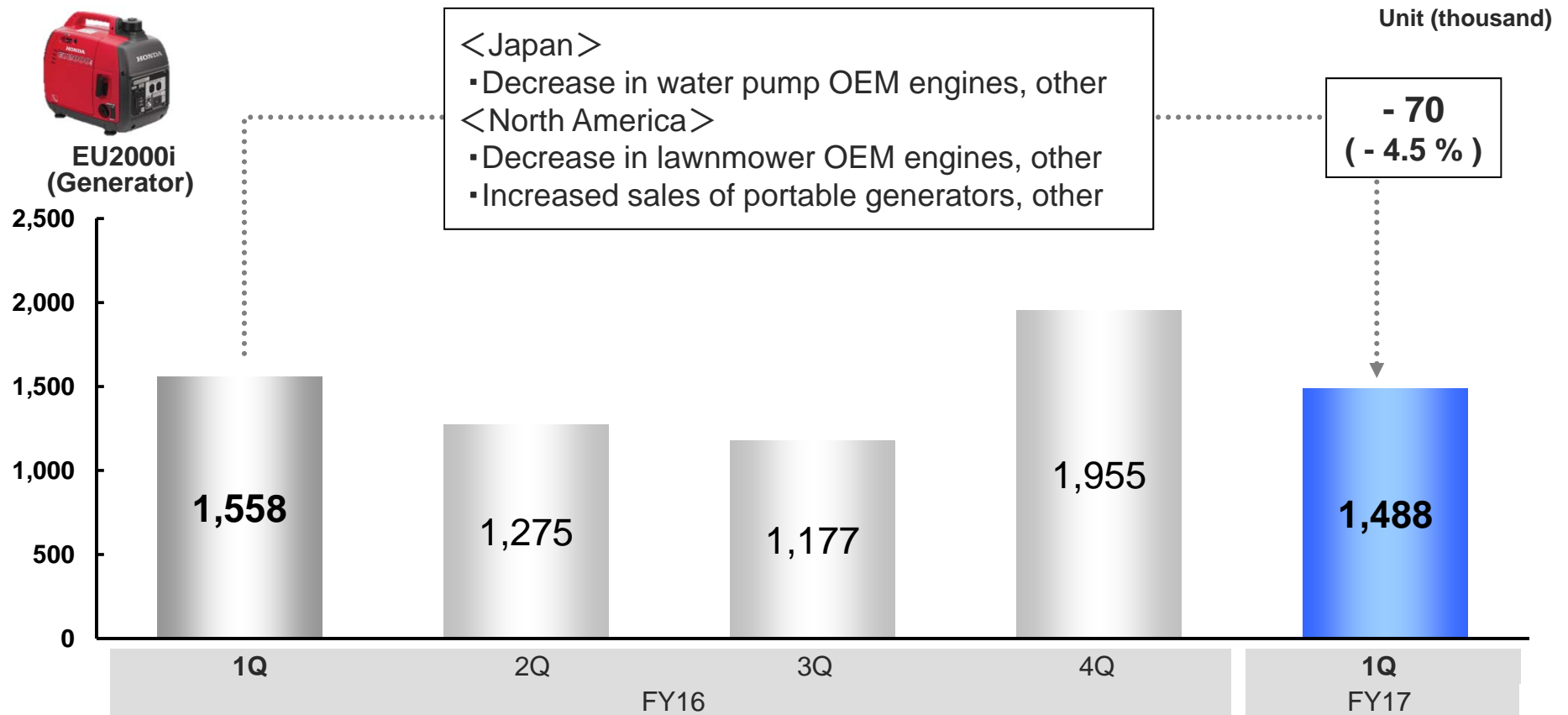
+ 66
(+ 5.8 %)

Japan	147	168	151	202	146
North America	497	473	466	493	510
Europe	32	42	43	55	45
Asia	405	395	503	420	453
Other Regions	66	61	65	59	59
Total	1,147	1,139	1,228	1,229	1,213

Power Products - Honda Group Unit Sales



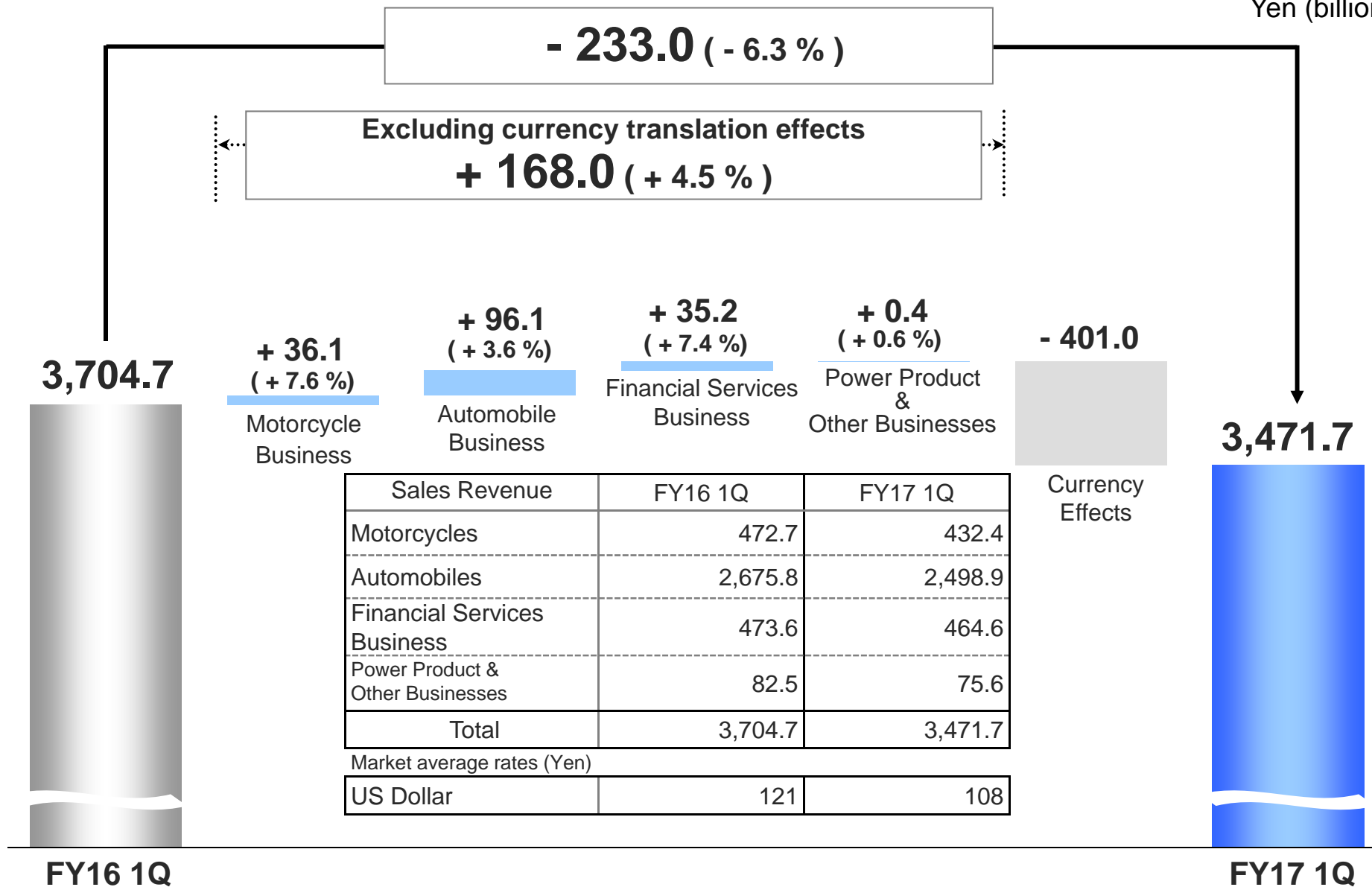
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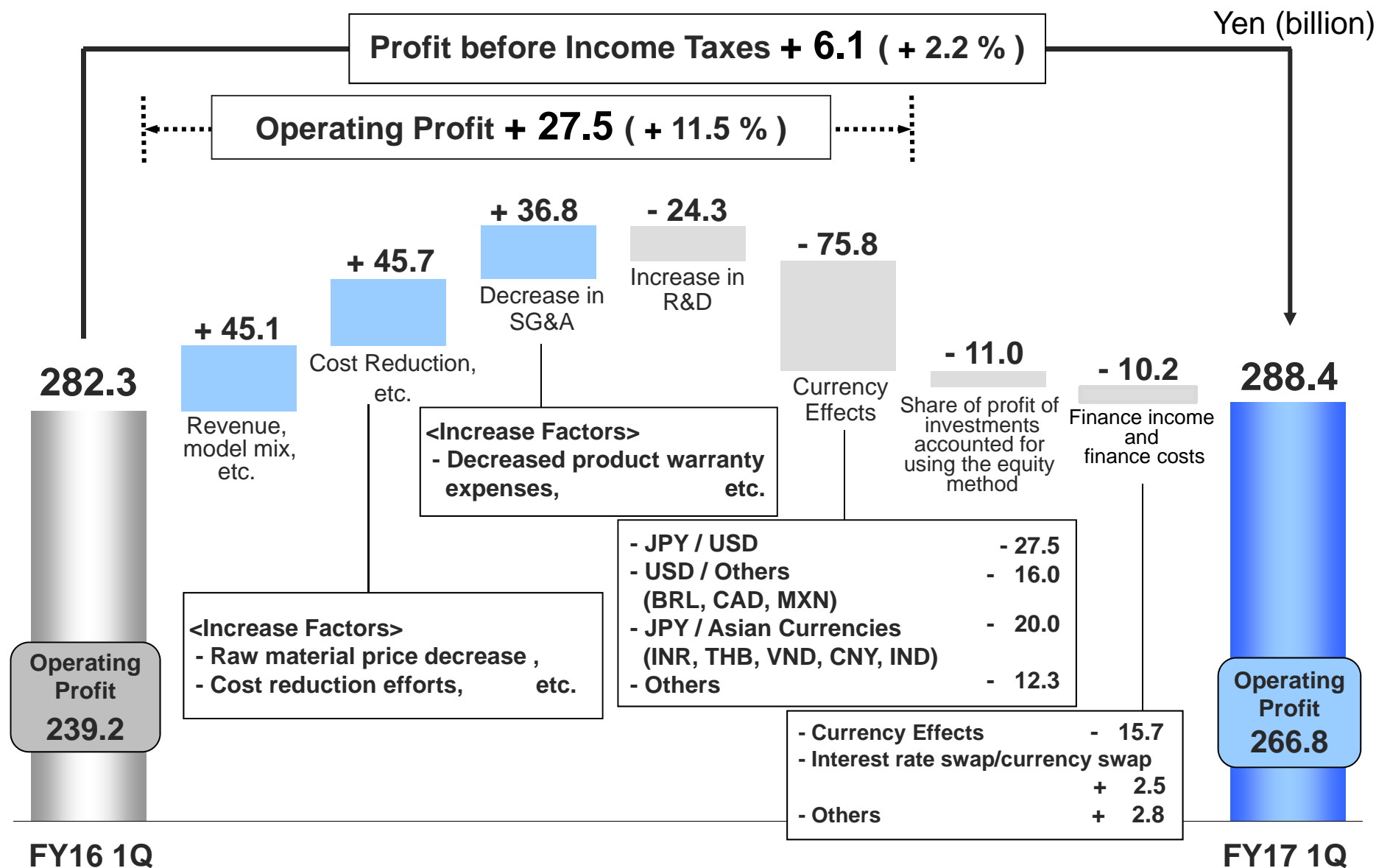
Japan	85	115	62	101	59
North America	804	532	469	1,006	769
Europe	231	174	190	413	225
Asia	340	346	344	319	360
Other Regions	98	108	112	116	75
Total	1,558	1,275	1,177	1,955	1,488

Change in Sales Revenue <FY17 1st Qtr>

Yen (billion)

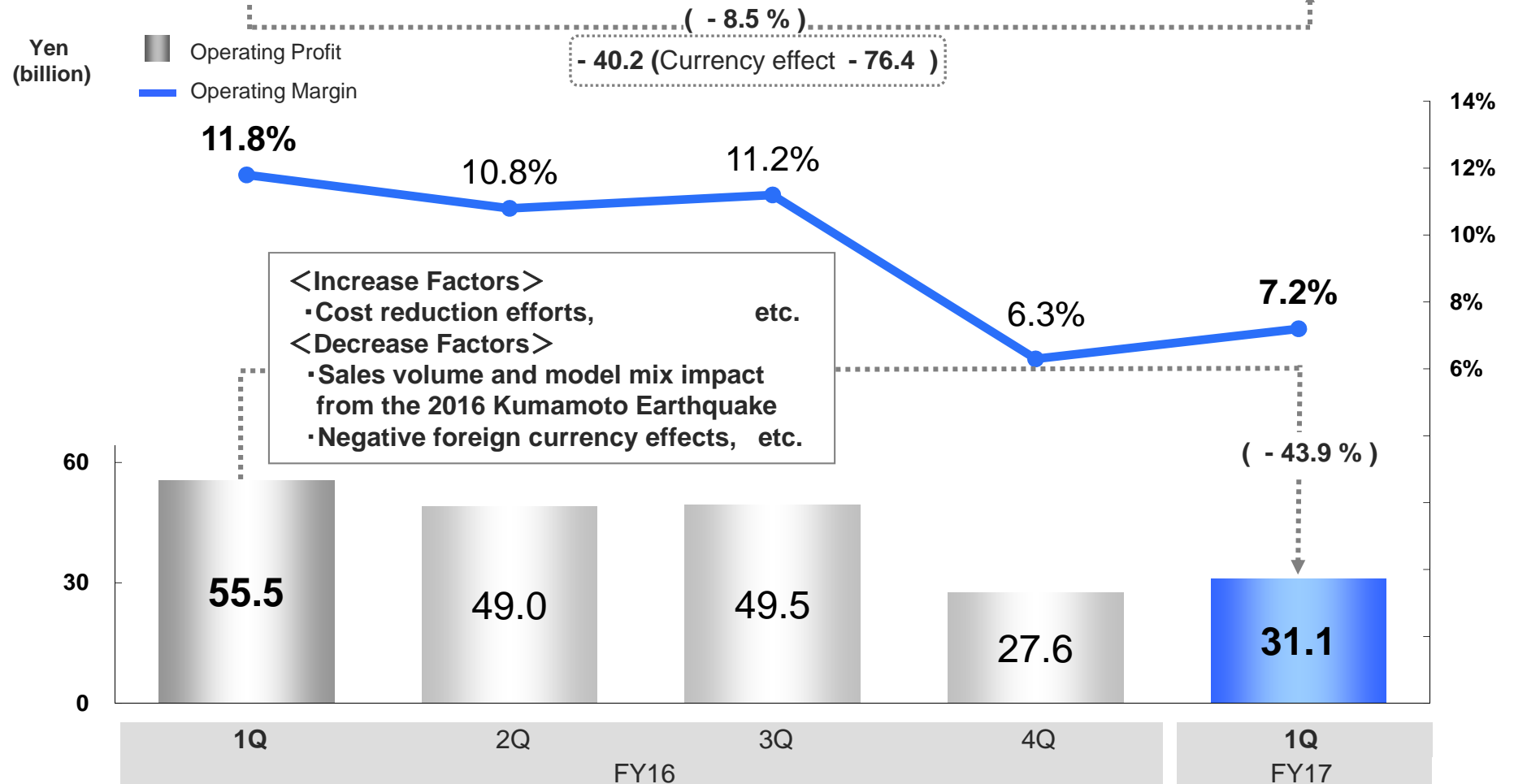


Change in Profit before Income Taxes <FY17 1st Qtr>

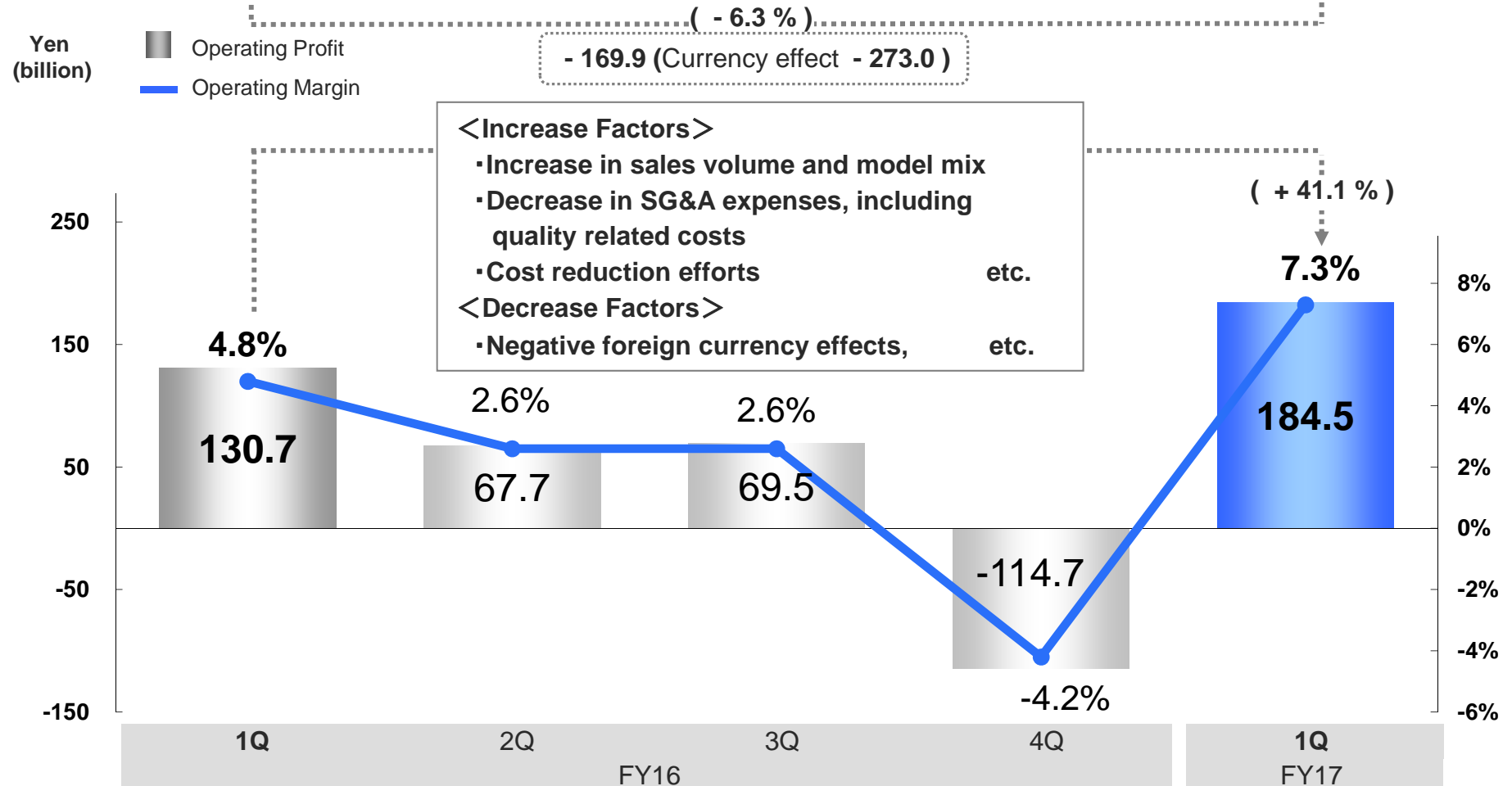


Motorcycle Business Sales Revenue /Operating Profit (Margin)

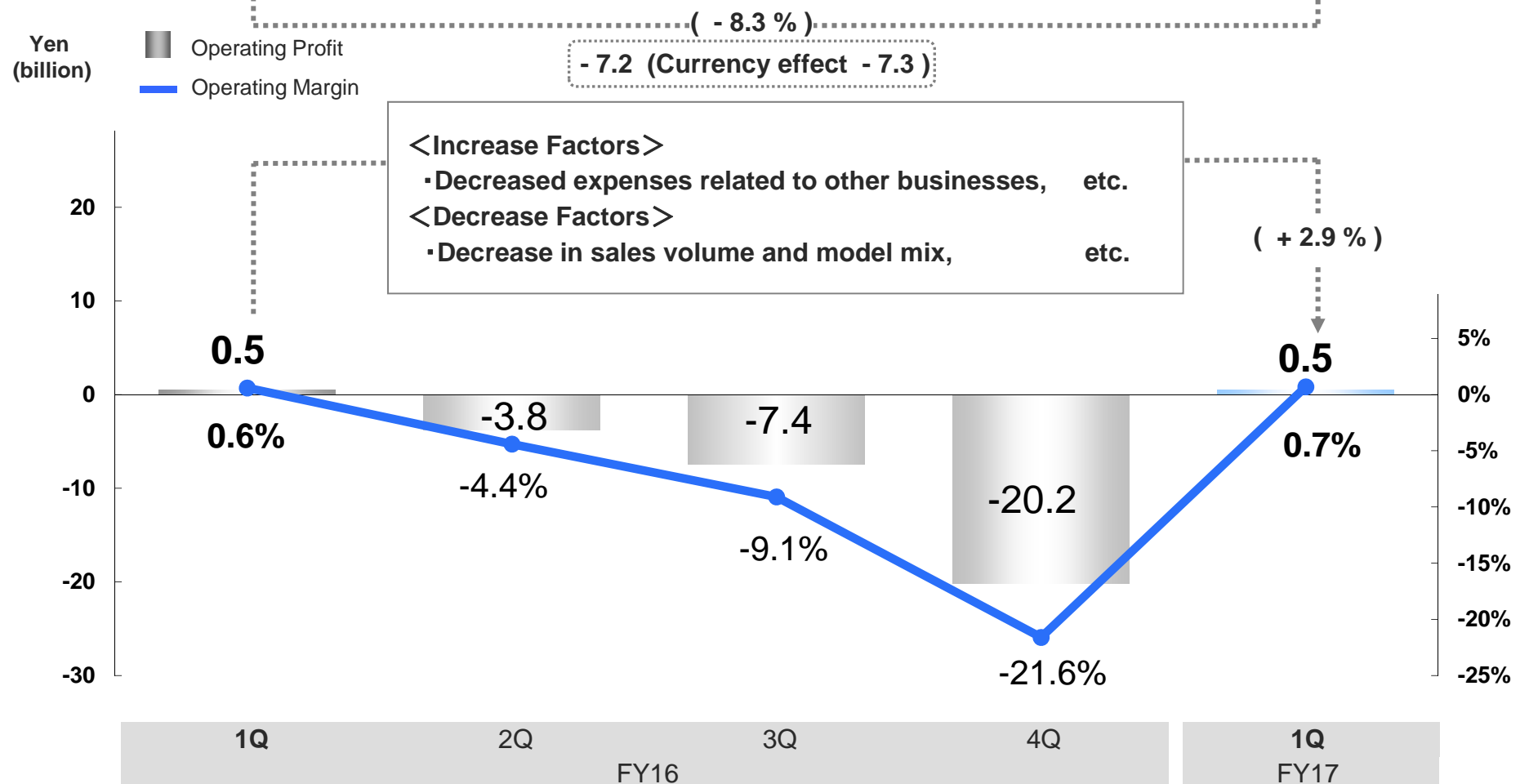
Unit (thousand) Yen (billion)	FY16				FY17
	1Q	2Q	3Q	4Q	1Q
Honda Group Unit Sales (Consolidated Unit Sales)	4,105 (2,545)	4,370 (2,740)	4,407 (2,654)	4,173 (2,633)	4,352 (2,831)
Sales Revenue	472.7	453.2	442.1	437.2	432.4



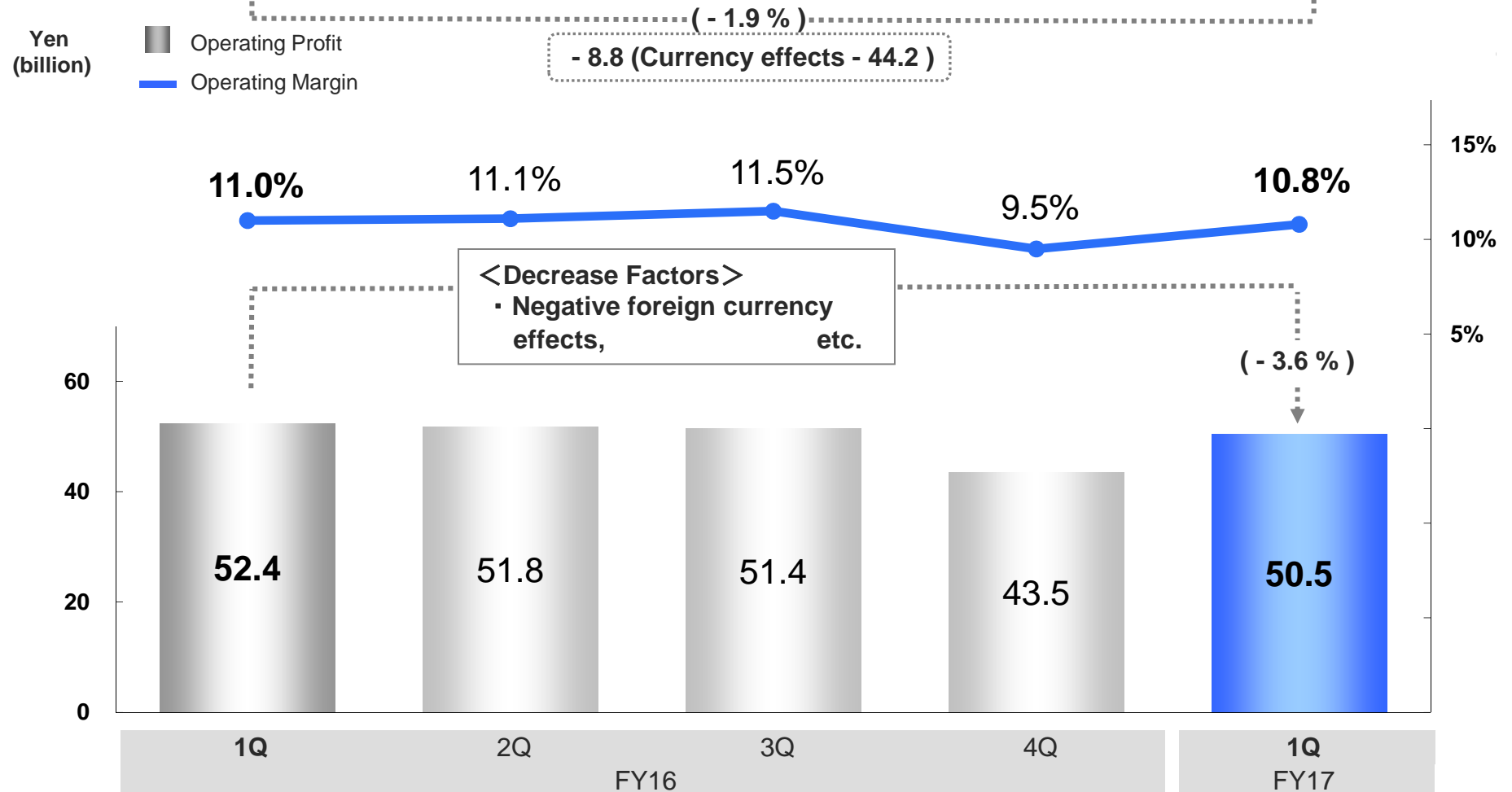
Unit (thousand) Yen (billion)	FY16				FY17
	1Q	2Q	3Q	4Q	1Q
Honda Group Unit Sales (Consolidated Unit Sales)	1,147 (888)	1,139 (889)	1,228 (879)	1,229 (980)	1,213 (908)
Sales Revenue	2,706.0	2,655.5	2,684.5	2,721.5	2,536.1



Unit (thousand) Yen (billion)	FY16				FY17
	1Q	2Q	3Q	4Q	1Q
Honda Group Unit Sales (Consolidated Unit Sales)	1,558 (1,558)	1,275 (1,275)	1,177 (1,177)	1,955 (1,955)	1,488 (1,488)
Sales Revenue	88.1	88.2	82.0	93.6	80.9

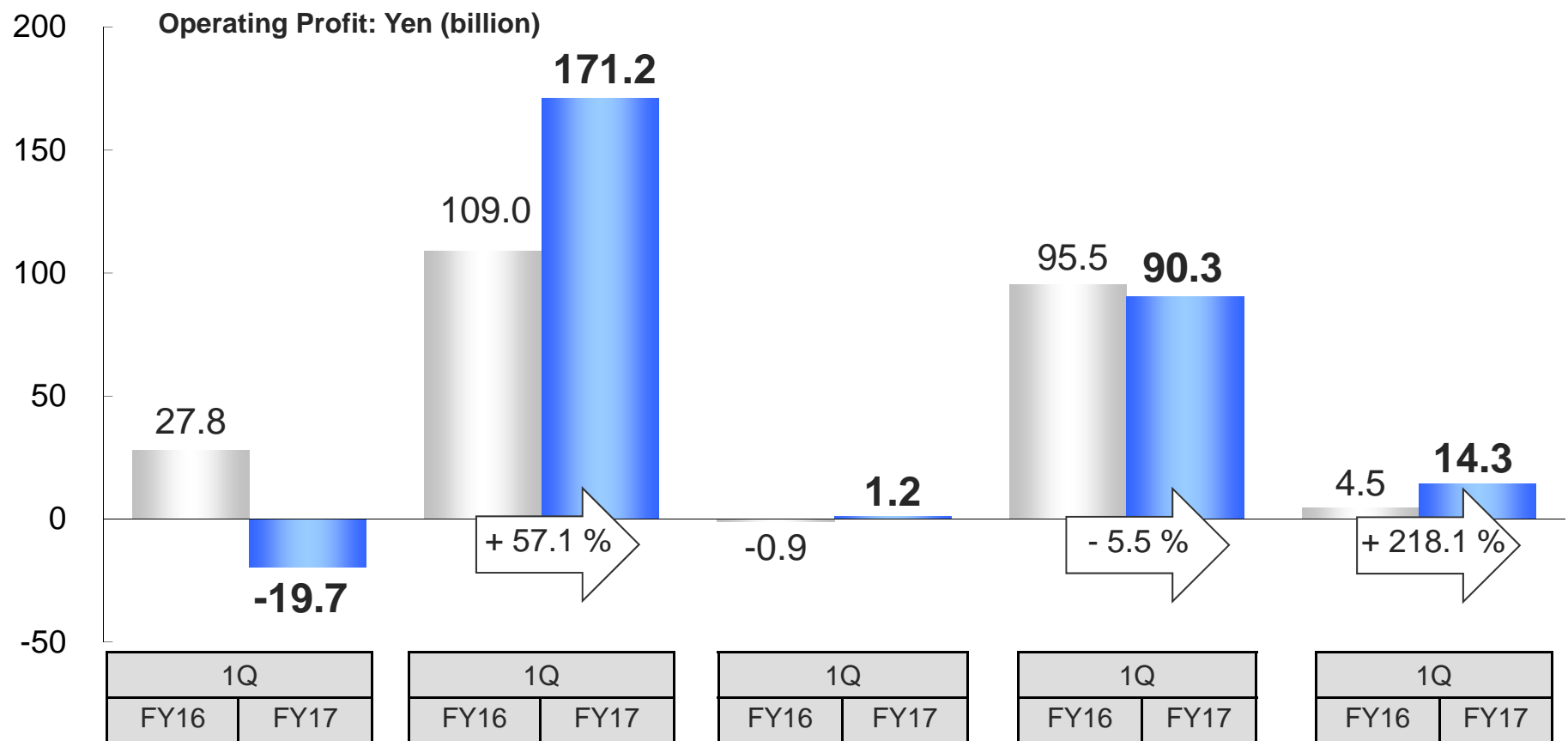


Yen (billion)	FY16				FY17
	1Q	2Q	3Q	4Q	1Q
Total Assets of Finance Subsidiaries	9,560.2	9,377.7	9,431.9	9,071.8	8,538.3
Sales Revenue	476.8	465.1	447.8	459.8	467.9

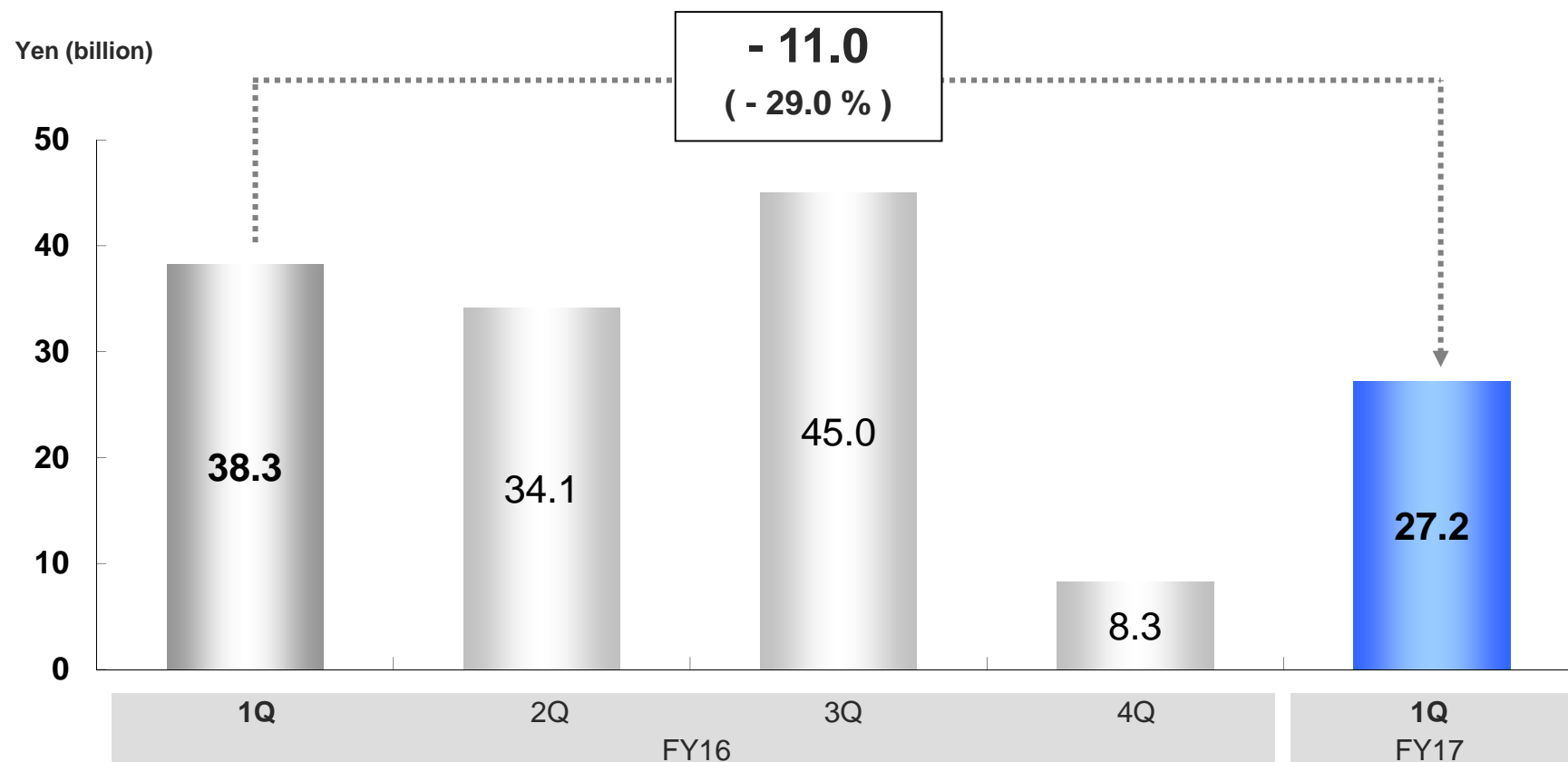


**Sales Revenue/Operating Profit
by Geographical Segment <FY17 1st Qtr>**

Yen (billion)	Japan		North America		Europe		Asia		Other Regions	
	1Q		1Q		1Q		1Q		1Q	
	FY16	FY17	FY16	FY17	FY16	FY17	FY16	FY17	FY16	FY17
Sales Revenue	916.5	905.6	2,191.6	2,068.8	170.8	182.9	898.9	831.2	240.6	172.8

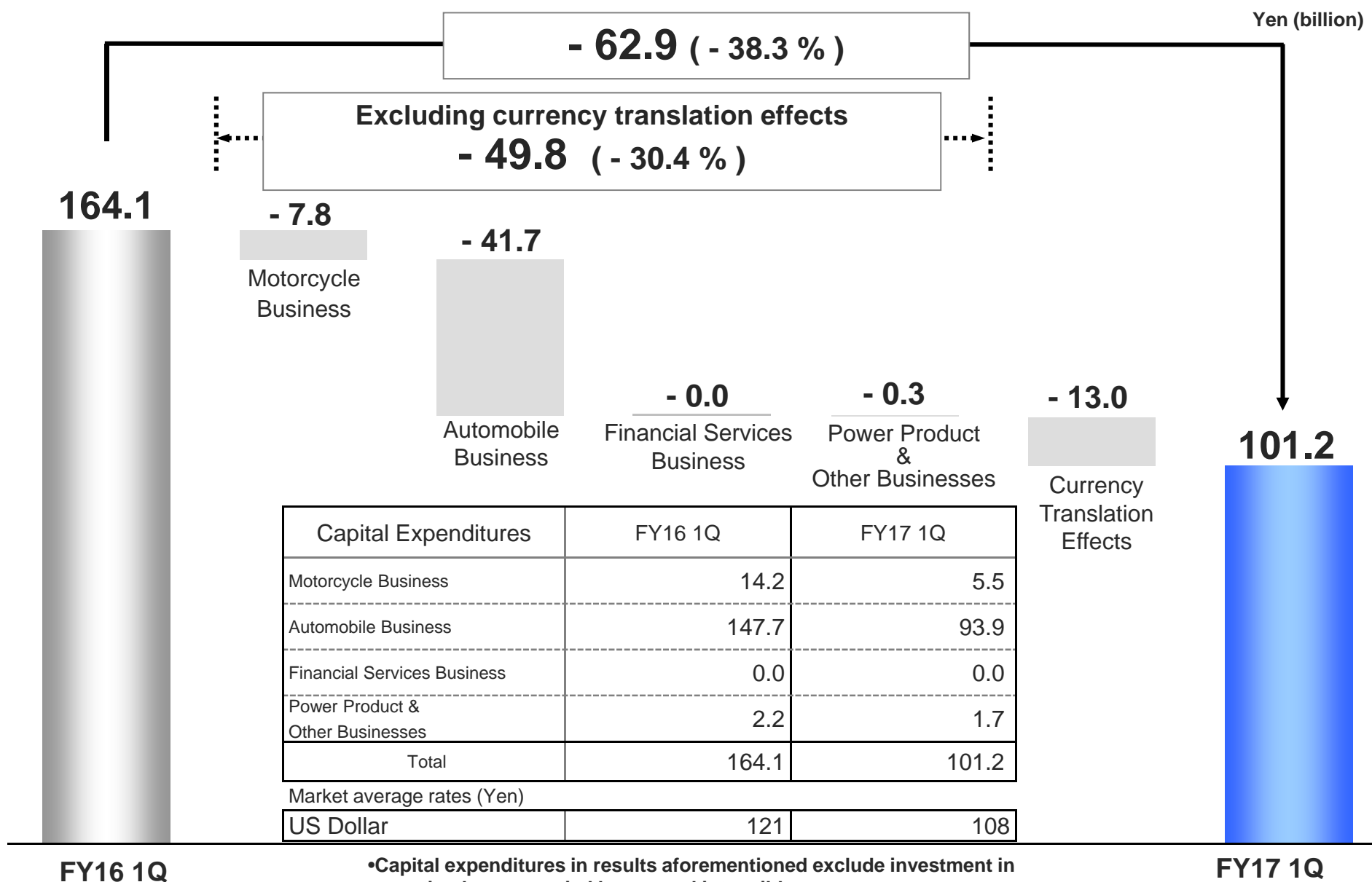


Share of Profit of Investments Accounted for Using the Equity Method



	Yen (billion)				
From Asia	32.5	28.9	39.4	24.3	39.3

Consolidated Capital Expenditures <FY17 1st Qtr>



Caution with Respect to Forward-Looking Statements:

This slide contains forward-looking statements about the performance of Honda, which are based on management's assumptions and beliefs taking into account information currently available to it. Therefore, please be advised that Honda's actual results could differ materially from those described in these forward-looking statements as a result of numerous factors, including general economic conditions in Honda's principal markets and fluctuation of foreign exchange rates, as well as other factors detailed from time to time.

Accounting standards:

Our consolidated financial standards are prepared in conformity with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB)

Notice on the Factors for Increases and Decreases in Income:

With respect to the discussion above of the change in Operating profit, management has identified the factors set forth below and used what it believes to be a reasonable method to analyze the respective changes in such factors. Each of these factors is explained below. Management has analyzed changes in these factors at the levels of the Company and its material consolidated subsidiaries.

(1) "Currency effects" consist of translation adjustments, which come from the translation of the currency of foreign subsidiaries' financial statements into Japanese Yen, and foreign currency adjustments, which result from foreign-currency-denominated sales, which, at the levels of the Company and those consolidated subsidiaries which have been analyzed, primarily relate to the following currencies: U.S. dollar, Canada dollar, Euro, GBP, BRL and Japanese Yen.

(2) With respect to "Cost reduction, etc", management has analyzed cost reduction and effects of raw material cost fluctuations at the levels of the Company and its material foreign manufacturing subsidiaries in North America, Europe and other regions.

(3) With respect to "Revenue, model mix, etc", management has analyzed changes in sales volume and in the mix of product models sold in major markets which have resulted in increases/decreases in profit, as well as certain other reasons for increases/decreases in sales revenue and cost of sales.

(4) With respect to "Selling, General and Administrative expenses", management has analyzed reasons for an increase/decrease in selling, general and administrative expenses from the previous fiscal year net of currency translation effects.

(5) With respect to "Research and Development expenses", management has analyzed reasons for an increase/decrease in research and development expenses from the previous fiscal year net of currency translation effects.

*1 Earnings per share attributable to owners of the parent is calculated based on weighted average number of shares outstanding as shown below:

- 1st Quarter FY16: 1,802,286,000 (approx), FY17: 1,802,283,000 (approx) (page 6)
- Fiscal Year FY16: 1,802,285,000 (approx), FY17 forecasts: 1,802,282,000 (approx) (pages 7)

HONDA

The Power of Dreams

Appendix

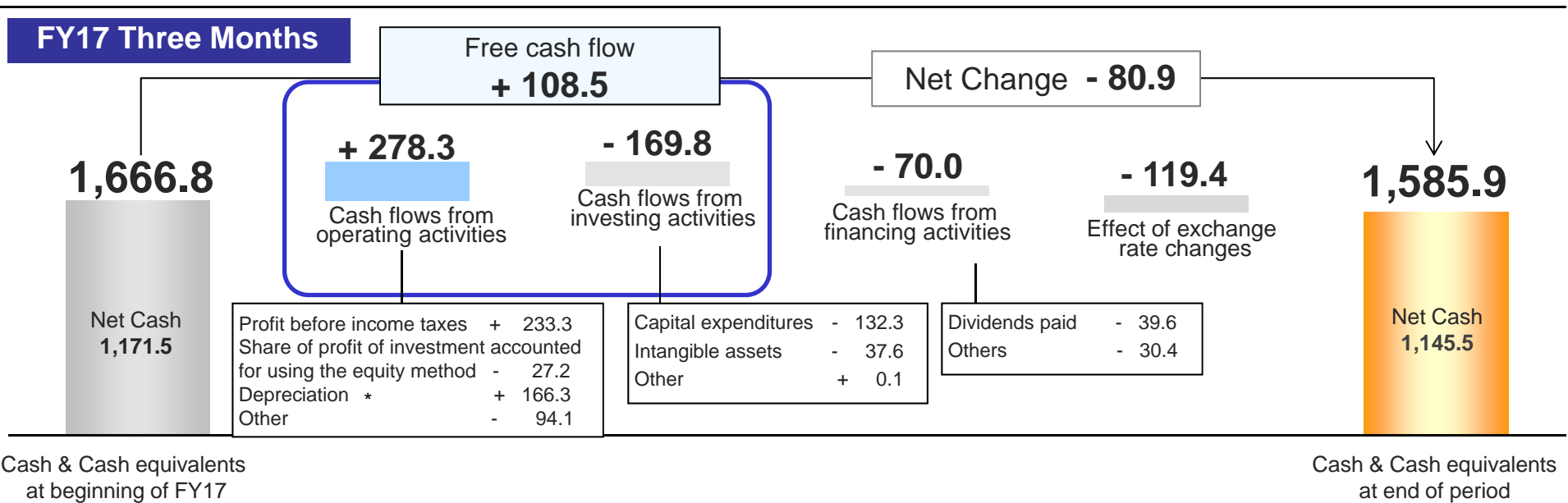
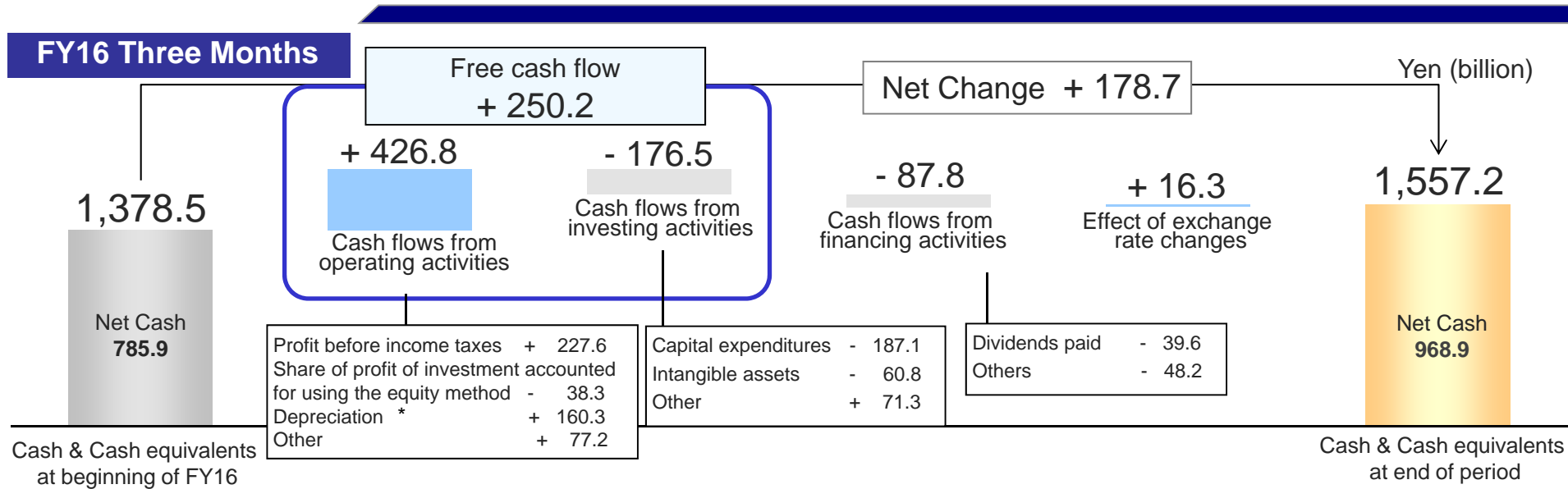
Yen (billion)

	1Q		
	FY16	FY17	Change
Capital expenditures *	164.1	101.2	- 62.9
Depreciation and amortization *	109.0	105.1	- 3.9
Research and development expenditures **	166.7	159.6	- 7.0

* Capital expenditures as well as Depreciation and amortization in results aforementioned exclude investment in operating leases, capital leases and intangible assets

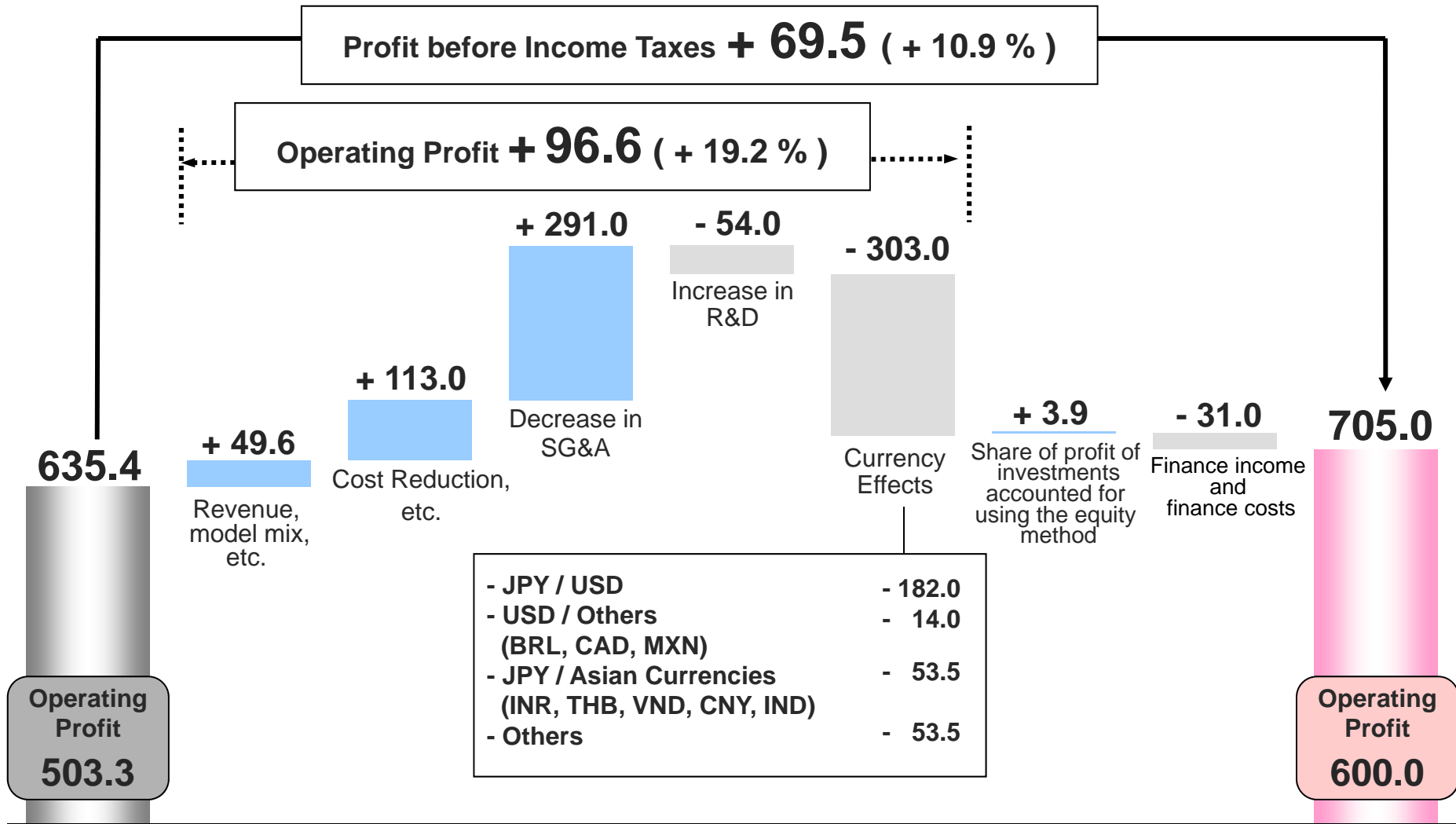
** Research and development expenditures are research and development activity related costs incurred during the reporting period. In accordance with IFRS, a portion of research and development expenditures is recognized as an intangible asset and amortized over its estimated useful life. As such, this amount is not in conformity with "Research and development" on our Consolidated Statement of Income

Cash Flows of Non-financial Services Businesses



* Depreciation, amortization and impairment losses excluding equipment on operating leases

No changes have been made to the previous forecasts (on May 13, 2016) Yen (billion)



FY16 Results

FY17 Forecast

No changes have been made to the previous forecasts (on May 13, 2016) Yen (billion)

	FY16 Results	FY17 Forecast	Change
Capital expenditures *	647.4	560.0	- 87.4
Depreciation and amortization *	440.4	440.0	- 0.4
Research and development expenditures **	719.8	690.0	- 29.8

* Capital expenditures as well as Depreciation and amortization in results and forecast aforementioned exclude investment in operating leases, capital leases and intangible assets

** Research and development expenditures are research and development activity related costs incurred during the reporting period. In accordance with IFRS, a portion of research and development expenditures is recognized as an intangible asset and amortized over its estimated useful life. As such, this amount is not in conformity with "Research and development" on our Consolidated Statement of Income

Quarterly Consolidated Unit Sales <IFRS>

Unit (thousand)	FY16					FY17
	1Q	2Q	3Q	4Q	12 months	1Q
Japan	47	50	41	42	180	29
North America	75	75	69	89	308	78
Europe	66	48	33	57	204	72
Asia	2,011	2,221	2,215	2,203	8,650	2,364
Other Region	346	346	296	242	1,230	288
Motorcycles	2,545	2,740	2,654	2,633	10,572	2,831
Japan	135	155	140	184	614	132
North America	497	473	466	493	1,929	510
Europe	32	42	43	55	172	45
Asia	158	158	165	189	670	162
Other Region	66	61	65	59	251	59
Automobiles	888	889	879	980	3,636	908
Japan	85	115	62	101	363	59
North America	804	532	469	1,006	2,811	769
Europe	231	174	190	413	1,008	225
Asia	340	346	344	319	1,349	360
Other Region	98	108	112	116	434	75
Power Products	1,558	1,275	1,177	1,955	5,965	1,488